

# AUDITING

## ACCOUNTING TECHNICIAN DIPLOMA ATD LEVEL III

### STUDY TEXT

**KASNEB JULY 2018 SYLLABUS**

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# CONTENT

## 1. Nature, purpose and scope of auditing

- Definition of auditing, auditor and an audit
- Explain the principles and processes of an audit
- Differences between auditing and accounting
- The types and timing of audits
- Internal versus external and a focus on the complimentary role of internal to external, interim and final
- The users of audited financial statements and auditor reports

## 2. Legal and professional requirements

- Appointment of an auditor
- Qualification of an auditor
- Duties and rights of an auditor
- Dismissal of a company auditor
- Professional ethics
- Auditing standards and guidelines

## 2. Planning and conducting an audit

- Objectives of planning for the audit work
- Audit plan for a new client
- Audit plan for an existing client
- Developing an overall audit plan
- Limitations of audit plans
- Methods and techniques of an audit

## 3. Internal control system

- Definition of internal controls and internal control systems
- Purpose of internal control system
- Designing an internal control system
- Benefits and limitations of internal control system
- General controls on:
  - Revenue
  - Expenditure
  - Assets
  - Liabilities

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#### **4. Errors and fraud**

- Definition of error and fraud
- Differences between error and fraud
- Types of errors and fraud
- Causes of frauds and fraud triangle

#### **5. Audit evidence**

- Nature and source of audit evidence
- Types of audit evidence
- Gathering audit evidence
- Reliance on the work on internal auditor
- Contents of audit working papers (excluding their preparation)
- Audit tests
- Substantive tests
- Analytical tests

#### **6. Audit Risk**

- Definition of audit risks
- Components of audit risks
- Risk based audit

#### **7. Computerised auditing**

- Benefits and drawbacks of computerised accounting systems
- Computer Aided Auditing Techniques (CAATs); Auditing around and through the computer

#### **8. Auditor's report**

- Purpose of the auditor's report
- Legal provision on auditor's report
- Elements of auditor's report
- Key audit matters
- Forms of audit opinion

#### **10. Emerging issues and trends**

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